JUDGE CROTTY

14 CV 8353

DAVID LOPEZ, ESQ. DL6779
Attorney for Plaintiff
171 Edge of Woods Road
P.O. Box 323
Southampton, New York 11969-0323
Tel: 631.287.5520
Fax: 631.283.4735
e-Mail: DavidLopezEsq@aol.com

RECEIVED
OCT 20 2014
U.S.D.C. S.D. N.Y.
CASHIERS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DEBORAH DONOGHUE,

Plaintiff,

- against -

ACHILLION PHARMACEUTICALS, INC.,

Nominal Defendant,

RA CAPITAL HEALTHCARE FUND, L.P,
BLACKWELL PARTNERS, LLC,
RA CAPITAL MANAGEMENT, LLC and
PETER KOLCHINSKY,

Defendants.

______________________________/

COMPLAINT FOR RECOVERY OF SHORT-SWING PROFITS UNDER 15 USC 78p(b)

Jury Trial Demanded

DEBORAH DONOGHUE, by David Lopez, Esq., her attorney, complaining of the defendants, respectfully alleges the following upon information and belief, except as to paragraph 2, which plaintiff alleges on personal knowledge:

JURISDICTION:

1. This action arises under the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Act"), 15 U.S.C. Section 78p(b), and jurisdiction is conferred upon this court by Section 27 of the Act, 15 U.S.C. Section 78aa.

THE PARTIES:

2. Plaintiff is a security owner of ACHILLION PHARMACEUTICALS, INC. ("ACHILLION"), a Delaware Corporation with principal offices at 300 George Street, New Haven, Connecticut 06511.

3. At all times relevant the common stock of ACHILLION was registered under Section 12(b) of the Act and was and is traded on The NASDAQ Global Select Market, a National Securities Exchange located within this district. One or more subject transactions took place upon that Exchange.

4. This action is brought in the right and for the benefit of ACHILLION which is named as a party defendant solely in order to have all necessary parties before the court.

5. At all times relevant RA CAPITAL HEALTHCARE FUND LP and BLACKWELL CAPITAL PARTNERS, LLC were members of a Section 13(d) "Group" under the common management of RA CAPITAL MANAGEMENT, LLC and PETER KOLCHINSKY and acting in concert to acquire, hold and dispose of shares of ACHILLION common stock. Each purchase or sale of shares by either was

matched by a proportional purchase or sale by the other on the same date, and voting control was ceded by both to a single manager controlled by a single proprietor.

6. From a time on or before September 11, 2013, the Group and each of RA CAPITAL HEALTHCARE FUND, LP and BLACKWELL PARTNERS, LLC were insiders of ACHILLION, to wit: 10% beneficial owners of a class of equity security through direct ownership of common stock and/or through ownership of derivative securities convertible within sixty days into common stock. Inaccurate and contradictory reporting of derivative positions by Group members makes it impossible for plaintiff to state with certainty the date of entry of the defendants into 10% beneficial ownership.

7. RA CAPITAL HEALTHCARE FUND LLP, RA CAPITAL MANAGEMENT LLC and PETER KOLCHINSKY maintain a principal place of business or are found at 20 Park Plaza, Suite 1200, Boston, MA 02116.

8. BLACKWELL PARTNERS, LLC maintains a managed account at the offices of RA CAPITAL MANAGEMENT LLC, 20 Park Plaza, Suite 1200, Boston, MA 02116. Its physical address will be determined by discovery.

9. RA CAPITAL MANAGEMENT LLC and PETER KOLCHINSHY, by reason of their power to acquire, hold, vote and dispose of shares owned by RA CAPITAL HEALTHCARE FUND, LP and BLACKWELL PARTNERS, LLC and their performance-based fee interest in such holdings are also beneficial owners and answerable for short-swing profits to the extent of their pecuniary interests in such transactions.

10. Venue is correct in this district as the National Securities Exchange upon which one or more subject transactions took place is headquartered within the district.

STATUTORY REQUISITES:

11. The violations of Section 16(b) of the Act to be described herein involve non-exempt securities in non-exempt transactions engaged in by non-exempt persons within the meaning of the Act.

12. Demand for prosecution was made by plaintiff on ACHILLION on November 2, 2013, and again by another on October 22, 2014, and again by plaintiff on October 28, 2014. Counsel acting for ACHILLION has spoken with Plaintiffs' counsel and advised that ACHILLION will be unable to effect a recovery within the 60-day time period allowed by the statute. More than 340 days have passed since demand was first made. Further delay in the filing of suit would be a futile gesture.

13. This action is brought within two years of the occurrence of the violations to be described herein or within two years of the time when reports required by 15 U.S.C. 78p(a) setting forth the substance of the transactions here complained of were first filed with the Securities & Exchange Commission.

FIRST CLAIM FOR RELIEF:

14. RA CAPITAL HEALTHCARE FUND, LP purchased call options (right to buy) covering 1,488,500 shares of the common stock of ACHILLLION at $10.00 per share, an additional call option (right to buy) covering 776,000 shares at

$15.00 per share and an additional call option (right to buy) covering 1,920,000 shares at $5.00 per share, all on October 1, 2013.

15. BLACKWELL PARTNERS, LLC purchased call options (right to buy) covering 511,500 shares of the common stock of ACHILLION at $10.00 per share, an additional call option (right to buy) covering 224,000 shares at $15.00 per share and an additional call option (right to buy) covering 580,000 shares at $5.00 per share, all on October 1, 2013.

16. RA CAPITAL HEALTHCARE FUND LP sold or wrote call options (obligation to buy) covering 1,488,500 shares of the common stock of ACHILLION at $10.00 per share, additional call options (obligation to buy) covering 776,000 shares at $15.00 per share and an additional call option (obligation to buy) covering 1,920,000 shares at $5.00 per share, all on October 1, 2013.

17. BLACKWELL PARTNERS, LLC sold or wrote call options (obligation to buy) covering 511,500 shares of the common stock of ACHILLION at $10.00 per share, an additional call option (obligation to buy) covering 224,000 shares at $15.00 per share and an additional call option (obligation to buy) covering 580,000 shares at $5.00 per share, all on October 1, 2013.

18. During the period from September 11, 2013, to October 31, 2013, RA CAPITAL HEALTHCARE FUND, L.P. purchased 9,231,368 shares, more or less, and from November 12 to 20, 2013, an additional 2,294,951 shares, more or less, of ACHILLION common stock.

19. During the period from September 11, 2013, to October 31, 2013, BLACKWELL PARTNERS, LLC purchased 2,442,407 shares, more or less, and from November 12 to 20, 2013, an additional 610,049 shares, more or less, of ACHILLION common stock.

20. During the period from September 11, 2013, to October 31, 2013, RA CAPITAL HEALTHCARE FUND, L.P. sold 606,602 shares, more or less, of ACHILLION common stock.

21. During the period from September 11, 2013, to October 31, 2013, BLACKWELL PARTNERS, LLC sold 175,100 shares, more or less, of ACHILLION common stock.

22. In a Schedule 13D listing the "Date of Event Which Requires Filing of This Statement" as August 15, 2014, the RA CAPITAL HEALTHCARE FUND, LP reports its ownership of call options (right to buy) covering 2,400,000 shares of the common stock of ACHILLION with a strike price of $5.00. No prior report of this derivative security is in the public record.

23. In the same Schedule 13D described in paragraph 22, *supra*, BLACKWELL PARTNERS, LLC reports its ownership of call options (right to buy) covering 600,000 shares of common stock of ACHILLION with a strike price of $5.00. No prior report of this derivative security is in the public record.

24. Within periods of less than six months of August 15, 2014, RA CAPITAL HEALTHCARE FUND, LP and BLACKWELL PARTNERS, LLC each

sold larger numbers of shares of ACHILLION common stock than their respective reported acquisitions of call options and at higher prices.

25. The foregoing purchases and sales, as to each defendant, may be matched against one another using the "lowest-in, highest out" method to produce profits recoverable from RA CAPITAL HEALTHCARE FUND, L.P. and BLACKWELL PARTNERS, LLC, and through performance-based fees, from RA CAPITAL MANAGEMENT, LLC and PETER KOLCHINSKY. The amounts of such profits are unknown to Plaintiff pending discovery.

26. Such profits are recoverable on behalf of ACHILLION by Plaintiff as one of its shareholders, management having failed to act in its own right and for its own benefit in a timely manner.

SECOND CLAIM FOR RELIEF:

27. This Second Claim For Relief is a precaution against probable errors and omissions of details attributable to inaccuracies in the public record or the discovery of additional trades during the course of this action.

28. RA CAPITAL HEALTHCARE FUND, L.P. and BLACKWELL PARTNERS LLC, acting during periods not barred by the statute of limitations measured from the date of the filing of this complaint, purchased and sold or sold and purchased equity securities or equity security equivalents of ACHILLION, including those described in the First Claim For Relief, within periods of less than six months

of each other while beneficial owners of more than 10% of a class of equity security and a fiduciary of ACHILLION.

29. By reason of such purchases and sales or sales and purchases of its equity securities or equity security equivalents within periods of less than six months of one another while insiders and fiduciaries of ACHILLION, RA CAPITAL HEALTHCARE FUND, L.P. and BLACKWELL PARTNERS, LLC realized profits, the exact amounts thereof being unknown to Plaintiff, which profits inure to the benefit, and are recoverable by plaintiff on behalf, of ACHILLION.

WHEREFORE, Plaintff demands judgment:

a) Requiring each of the defendants to account for and to pay over to ACHILLION the short-swing profits realized and retained by him or it in violation of Section 16(b) of the Act, together with appropriate interest and the costs of this suit;

b) Awarding to Plaintiff her costs and disbursements including reasonable attorney's, accountants and expert witness fees; and

c) Granting to Plaintiff such other and further relief as the court may deem just and proper.

Dated: Southampton, New York
October 20, 2014

Yours, etc.

David Lopez, Esq. (DL-6779)